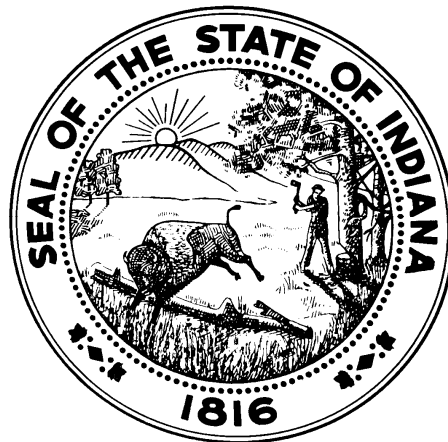


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
CITY OF BERNE
ADAMS COUNTY, INDIANA
January 1, 2007 to December 31, 2007



FILED
10/09/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Gwendolyn J. Maller	01-01-04 to 12-31-11
Mayor	John F. Minch	01-01-04 to 12-31-11
President of the Board of Public Works and Safety	John F. Minch	01-01-04 to 12-31-11
President of the Common Council	William F. McKean Gregg A. Sprunger	01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF BERNE, ADAMS COUNTY, INDIANA

We have examined the financial information presented herein of the City of Berne (City), for the period of January 1, 2007 to December 31, 2007. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 21, 2008

CITY OF BERNE
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 671,447	\$ 1,345,383	\$ 1,304,872	\$ 711,958
Motor Vehicle Highway	272,758	210,975	266,055	217,678
Local Road and Street	35,235	20,618	48,000	7,853
Law Enforcement Continuing Education	4,339	3,350	851	6,838
Sidewalk Match	61,980	4,378	16,544	49,814
Tree	240	-	-	240
Animal Control Fund	-	67	-	67
Citizens Sewer Compliance	6,234	8,780	7,042	7,972
BRC Bond and Interest	62,191	35,092	56,925	40,358
Cumulative Capital Improvement	73,135	17,636	24,911	65,860
Cumulative Capital Development	191,121	68,781	25,028	234,874
Economic Development Income Tax	16,920	290,657	305,307	2,270
Grant	-	30,000	30,000	-
BRC Operating	1,833	84	-	1,917
Proprietary Funds:				
Water Utility - Operating	869,583	446,246	486,065	829,764
Water Utility - Bond and Interest	38,290	1,862	-	40,152
Water Utility - Depreciation	580,818	67,718	-	648,536
Wastewater Utility - Operating	24,349	519,941	523,701	20,589
Wastewater Utility - Bond and Interest	24,264	195,680	194,754	25,190
Wastewater Utility - Depreciation	207,734	25,005	9,881	222,858
Wastewater Utility - Construction	94,155	-	36,834	57,321
Wastewater Utility - Reserve	208,694	-	-	208,694
Storm Water Utility - Operating	137,020	563,987	633,784	67,223
Storm Water Utility - Bond and Interest	69,979	409,907	324,098	155,788
Storm Water Utility - Construction	2,660,290	123,530	785,449	1,998,371
Storm Water Utility - Reserve	347,150	16,681	-	363,831
Fiduciary Funds:				
Police Training Donation	938	-	-	938
Donation	13,773	19,433	29,912	3,294
BRC Reserve	115,409	5,614	-	121,023
Payroll Withholdings	9,750	1,065,616	1,065,674	9,692
Police Officers' Pension	79,901	12,969	16,941	75,929
Totals	<u>\$ 6,879,530</u>	<u>\$ 5,509,990</u>	<u>\$ 6,192,628</u>	<u>\$ 6,196,892</u>

The accompanying notes are an integral part of the financial information.

CITY OF BERNE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, planning and zoning, general administrative services, water, wastewater and storm water.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CITY OF BERNE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Subsequent Event

The Wastewater Utility entered into a State Revolving Fund Loan of \$2,515,000 dated June 30, 2008. The purpose of the loan was for a wastewater improvement project.

CITY OF BERNE
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets completed in the current year have been reported. Retroactive reporting of the general infrastructure assets is not required.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 232,180
Buildings	3,017,204
Improvements other than buildings	788,127
Machinery and equipment	<u>2,018,652</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 6,056,163</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 69,678
Capital assets, being depreciated:	
Buildings	1,510,521
Improvements other than buildings	1,613,140
Machinery and equipment	255,935
Transportation equipment	<u>75,990</u>
Total Water Utility capital assets	<u>3,525,264</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	54,850
Construction in progress	197,883
Capital assets, being depreciated:	
Buildings	2,711,764
Improvements other than buildings	3,008,475
Machinery and equipment	<u>407,973</u>
Total Wastewater Utility capital assets	<u>6,380,945</u>
Storm Water Utility:	
Capital assets, not being depreciated:	
Land	63,155
Construction in progress	676,207
Capital assets, being depreciated:	
Improvements other than buildings	897,705
Machinery and equipment	<u>267,295</u>
Total Storm Water Utility capital assets	<u>1,904,362</u>
Total business-type activities capital assets	<u>\$ 11,810,571</u>

CITY OF BERNE
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Loans payable:		
2007 EMS Police Building	\$ 257,409	\$ 55,028
Bonds payable:		
2006 TIF Bonds	1,035,000	56,925
Contracts payable:		
Real estate contract	<u>34,906</u>	<u>37,000</u>
Total governmental activities debt	<u>\$ 1,327,315</u>	<u>\$ 148,953</u>
Business-type Activities:		
Wastewater Utility		
Revenue bonds of 1997	\$ 1,550,000	\$ 194,392
Storm Water Utility		
Revenue bonds of 2006	<u>3,220,000</u>	<u>355,098</u>
Total business-type activities debt	<u>\$ 4,770,000</u>	<u>\$ 549,490</u>

CITY OF BERNE
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2008, with Gwendolyn J. Maller, Clerk-Treasurer; and John F. Minch, Mayor. Our examination disclosed no material items that warrant comment at this time.